

SENATE, No. 2775

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 7, 2007

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

SYNOPSIS

Exempts sales of methane gas fuel conversion machinery and equipment from sales and use taxes.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the sales and use tax on retail sales of methane
2 gas fuel conversion machinery and equipment, and
3 supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. a. Receipts from the sales of methane gas fuel conversion
9 machinery and equipment are exempt from the tax imposed under
10 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

11 b. For the purpose of this section:

12 "Methane gas" means a renewable, waste, or stranded source of
13 methane gas extracted from a landfill, anaerobic digestion system,
14 agricultural waste, or sewage system.

15 "Methane gas fuel conversion machinery and equipment" means
16 any industrial fixtures, devices, and support facilities and tangible
17 personal property that becomes an ingredient or component thereof,
18 including repair parts and replacement parts that are integral and
19 necessary for the conversion of methane gas into a useable fuel.

20 "Useable fuel" means a liquid or compressed gas that may be
21 used as fuel for a motor vehicle, or to generate electricity, or as a
22 fuel in other off-site consumption.

23 c. (1) The exemption provided in this section shall apply to
24 sales of methane gas fuel conversion machinery and equipment, or
25 to services rendered in respect to constructing structures, installing,
26 constructing, repairing, cleaning, decorating, altering, or improving
27 of new or existing structures or new or existing machinery and
28 equipment, or to sales of tangible personal property that becomes
29 and ingredient or component of new or existing structures, or new
30 or existing machinery and equipment, if the machinery, equipment,
31 or structure is integral and necessary for the conversion of methane
32 gas to a useable fuel.

33 (2) The exemption provided in this section shall apply to
34 charges made for labor and services rendered in respect to
35 installing, repairing, cleaning, altering, or improving vehicles
36 including new parts, repair parts, and replacement parts, integral
37 and necessary for the conversion to operate the vehicles on liquid
38 fuel or compressed natural gas converted from methane gas.

39 (3) A person claiming the exemption provided under this section
40 shall keep records necessary for the Commissioner of the
41 Department of Environmental Protection to make a determination of
42 environmental benefit.

43 d. (1) Receipts from the sales of methane gas fuel conversion
44 machinery and equipment are exempt from the tax imposed under
45 the "Sales and Use Tax Act," provided that the Commissioner of the
46 Department of Environmental Protection has determined that the
47 operation of the system in which the equipment is being or is to be
48 used, and the conversion of methane gas into a useable fuel that

1 results from that operation, are or will be beneficial to the
2 environment as a clean burning fuel

3 (2) Notwithstanding the provisions of paragraph (1) of this
4 subsection, the seller shall charge and collect the tax from the
5 purchaser on such sales at the rate then in effect, and the tax shall
6 be refunded to the purchaser by the filing of a claim, within three
7 years of the date of purchase, with the New Jersey Division of
8 Taxation for a refund of sales or use tax paid. Proof of claim for
9 refund shall be demonstrated by a copy of a determination of
10 environmental benefit issued to the purchaser by the Commissioner
11 of the Department of Environmental Protection pursuant to this
12 subsection, and by any additional information as the director may
13 require, including but not limited to proof of tax paid.
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15 2. This act shall take effect immediately and shall expire three
16 years thereafter.
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19 STATEMENT

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21 The conversion of methane gas to useable fuels for use in motor
22 vehicles, use in generation of electricity, and for other off-site
23 consumption should be encouraged because it is a clean burning
24 fuel. This bill would exempt the sale and use of methane gas fuel
25 conversion machinery and equipment from the tax imposed under
26 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).
27 The bill provides the exemption for the conversion of methane gas
28 extracted from a landfill, anaerobic digestion system, agricultural
29 waste, or sewage system. The methane may be converted to either
30 liquid natural gas or compressed natural gas.